



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
HENRY COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 1998**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Tommy Bryant, County Judge/Executive  
Members of the Henry County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Henry County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Henry County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Henry County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Henry County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Tommy Bryant, County Judge/Executive  
Members of the Henry County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Henry County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying Comments and Recommendations, included herein, which discusses the following area of noncompliance:

- The County Should Have A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 1999, on our consideration of Henry County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 22, 1999

HENRY COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Tommy Bryant	County Judge/Executive
William F. Ivers, Jr.	County Attorney
Rhonda M. Carpenter	County Clerk
Leland Payton	Circuit Court Clerk
Ray Powell	Sheriff
Neil Stivers	Jailer
Rhelda Moore	Property Valuation Administrator
Mary Scriber	County Treasurer
James Pollard	Coroner
John Allgeier	Magistrate
David Brown	Magistrate
Delbert Fisher	Magistrate
Wayne Gunnell	Magistrate
Cecil McCarty	Magistrate
Hugh Peak	Magistrate





STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS



HENRY COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets

General Fund:	
Cash	\$ 1,047,558
Investments	451,956
Road and Bridge Fund:	
Cash	663,799
Investments	200,000
Jail Fund:	
Cash	11,516
Local Government Economic Assistance Fund:	
Cash	47,797
Revolving Loan Fund:	
Cash	18,541
Investments	345,000
County Fair Fund:	
Cash	33,801
Payroll Account - Cash	<u>45,812</u>
Total Assets	<u><u>\$ 2,865,780</u></u>

Liabilities and Fund Balances

Liabilities

Revolving Loan Fund:	
Loan Payable (Note 4)	\$ 195,022
Payroll Account	45,812

Fund Balances

Reserved:	
Revolving Loan Fund	168,519
Unreserved:	
General Fund	1,499,514
Road and Bridge Fund	863,799
Jail Fund	11,516
Local Government Economic Assistance Fund	47,797
County Fair Fund	<u>33,801</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,865,780</u></u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

HENRY COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Schedule of Operating Revenue	\$ 3,274,822	\$ 2,225,177	\$ 876,857	\$ 112,309
Transfers In	200,000			200,000
Total Cash Receipts	<u>\$ 3,474,822</u>	<u>\$ 2,225,177</u>	<u>\$ 876,857</u>	<u>\$ 312,309</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,127,646	\$ 2,019,977	\$ 757,994	\$ 312,567
Transfers Out	200,000	200,000		
Kentucky Infrastructure Authority- Principal	18,617			
Total Cash Disbursements	<u>\$ 3,346,263</u>	<u>\$ 2,219,977</u>	<u>\$ 757,994</u>	<u>\$ 312,567</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 128,559	\$ 5,200	\$ 118,863	\$ (258)
Cash Balance - July 1, 1997*	<u>2,691,409</u>	<u>1,494,314</u>	<u>744,936</u>	<u>11,774</u>
Cash Balance - June 30, 1998*	<u><u>\$ 2,819,968</u></u>	<u><u>\$ 1,499,514</u></u>	<u><u>\$ 863,799</u></u>	<u><u>\$ 11,516</u></u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

HENRY COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

Local Government Economic Assistance Fund	Revolving Loan Fund	County Fair Fund
\$ 34,594	\$ 18,803	\$ 7,082
\$ 34,594	\$ 18,803	\$ 7,082
\$ 15,588	\$ 16,737	\$ 4,783
	18,617	
\$ 15,588	\$ 35,354	\$ 4,783
\$ 19,006 28,791	\$ (16,551) 380,092	\$ 2,299 31,502
\$ 47,797	\$ 363,541	\$ 33,801

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Henry County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Henry County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.



HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.21 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The depository institution pledged securities of \$2,086,570. However, the depository institution's board of directors or loan committee did not approve the pledge agreement. In addition, the depository institution did not have a written agreement with the county.

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 4. Long-Term Debt

Henry County has entered into a loan agreement with the Kentucky Infrastructure Authority. The terms of the loan are 3.00 percent interest on the unpaid balance with semiannual payments due June 1 and December 1 of each year, beginning December 1, 1992. The loan is to be paid in full June 1, 2007. The principal balance of the loan is \$195,022 as of June 30, 1998. The following table shows scheduled interest and principal amounts due during the next five years and thereafter.

Due Date	Scheduled Interest	Scheduled Principal
12/01/98	\$ 2,925	\$ 9,518
06/01/99	2,783	9,661
12/01/99	2,638	9,806
06/01/00	2,491	9,953
12/01/00	2,341	10,102
06/01/01	2,190	10,254
12/01/01	2,036	10,408
06/01/02	1,880	10,564
12/01/02	1,721	10,722
06/01/03	1,561	10,883
Thereafter	6,397	93,151
Totals	<u>\$ 28,963</u>	<u>\$ 195,022</u>

Note 5. Lease-Purchase Agreement

The county has entered into the following lease-purchase agreement:

Description	Purchase Date	Maturity Date	Interest Rate	Amount
Library Equipment	7/10/90	7/1/99	4.25%	\$ 80,000

Note 6. Insurance

For the fiscal year ended June 30, 1998, Henry County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



HENRY COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 2,685,443	\$ 2,225,177	\$ (460,266)
Road and Bridge Fund	925,233	876,857	(48,376)
Jail Fund	339,534	112,309	(227,225)
Local Government Economic Assistance Fund	26,000	34,594	8,594
Revolving Loan Fund	16,783	18,803	2,020
County Fair Fund	39,500	7,082	(32,418)
Totals	<u>\$ 4,032,493</u>	<u>\$ 3,274,822</u>	<u>\$ (757,671)</u>

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SCHEDULE OF OPERATING REVENUE

HENRY COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 408,596	\$ 408,596	\$	\$
Excess Fees - 1997	13,373	13,373		
County Clerk:				
Deed Transfer Tax	28,807	28,807		
Occupational Licenses	677	677		
Delinquent Taxes	7,463	7,463		
Excess Fees - 1997	100,625	100,625		
Tangible Personal Property Taxes:				
County Clerk	87,238	87,238		
Bank Franchise Tax	45,921	45,921		
Net Profits Tax	103,153	103,153		
Totals	<u>\$ 795,853</u>	<u>\$ 795,853</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 5,181	\$ 5,181	\$	\$
Federal Disaster and Emergency Services/Emergency Management Agency Reimbursement	89,044		89,044	
Totals	<u>\$ 94,225</u>	<u>\$ 5,181</u>	<u>\$ 89,044</u>	<u>\$ 0</u>





HENRY COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 50,776	\$	\$	\$ 50,776
Medical Allotments	3,580			3,580
Driving Under The Influence Fees	5,809			5,809
County Road Aid	568,754		568,754	
Truck License Distribution	151,651		151,651	
Courthouse Rental - Administrative				
Office of the Courts	36,872	36,872		
Refunds:				
Legal Process Tax	72	72		
Drivers Licenses	1,396		1,396	
Dog Licenses	1,496	1,496		
Base Court Revenue	45,472	45,472		
Severance Taxes:				
Mineral	30,585			
Grant:				
Ambulance	22,798	22,798		
Totals	\$ 919,261	\$ 106,710	\$ 721,801	\$ 60,165

**HENRY COUNTY**  
**SCHEDULE OF OPERATING REVENUE**  
 Fiscal Year Ended June 30, 1998  
 (Continued)

Local Government Economic Assistance Fund	Revolving Loan Fund	County Fair Fund
\$	\$	\$
30,585		
\$ 30,585	\$ 0	\$ 0

HENRY COUNTY  
SCHEDULE OF OPERATING REVENUE  
Fiscal Year Ended June 30, 1998  
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 159,413	\$ 90,588	\$ 45,215	\$ 1,982
Circuit Court Clerk:				
Jail Cost	32,280			32,280
Boarding Fees	17,640			17,640
Work Release	242			242
Rent	13,304	7,200		
Donation-Safety Kleen	60,000	60,000		
Telephone 911 Fee	95,962	95,962		
Licenses and Permits:				
Franchise Fees	43,919	43,919		
Charges for Services:				
Parks and Recreation	10,647	10,647		
Ambulance Service	31,989	31,989		
Planning and Zoning Fees	46,462	46,462		
Salary Reimbursement	2,162			
Payroll Contributions:				
County Clerk	158,804	158,804		
Sheriff	163,208	163,208		
County Attorney	51,872	51,872		
EMS	30,000	30,000		
Library Lease	10,682	10,682		
Insurance Reimbursement	6,052	6,052		
Phone Reimbursement	42	42		
Land Sale	500,000	500,000		
Miscellaneous Items	30,803	10,006	20,797	
Totals	\$ 1,465,483	\$ 1,317,433	\$ 66,012	\$ 52,144
Total Operating Revenue	\$ 3,274,822	\$ 2,225,177	\$ 876,857	\$ 112,309

**HENRY COUNTY**  
**SCHEDULE OF OPERATING REVENUE**  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES





HENRY COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 37,259	\$ 37,259	\$
Deputy County Judge/Executive	20,966	20,965	1
Other Salaries	500		500
Office Materials and Supplies	5,000	4,376	624
Office of County Attorney:			
Salaries-			
County Attorney	16,110	16,109	1
Other Salaries	47,500	45,121	2,379
Office Materials and Supplies	300	300	
Office of County Clerk:			
Salaries-			
County Clerk	51,913	51,913	
Deputies	120,000	106,650	13,350
Temporary/Part-Time Help	2,400	2,400	
Fees	1,000	684	316
Tax Bill Preparation	5,710	5,706	4
Office of Sheriff:			
Salaries-			
Sheriff	48,313	48,313	
Deputies	127,100	115,049	12,051
Temporary/Part-Time Help	14,000	14,000	
Office of County Coroner:			
Salaries-			
County Coroner	6,144	6,144	
Deputy Coroner	2,836	2,836	
Expenses	3,000	2,756	244

HENRY COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Fiscal Court:			
Magistrates-			
Salaries	\$ 48,703	\$ 48,702	\$ 1
Legal Fees	2,500	360	2,140
Legal Advertisement	3,000	2,508	492
Conferences	5,000	3,888	1,112
Office of Property Valuation Administrator:			
Statutory Contribution	20,321	12,219	8,102
Office of Board of Assessment Appeals:			
Per Diem	400		400
Office of County Treasurer:			
County Treasurer Salary	14,661	14,656	5
Office Materials and Supplies	1,500	1,244	256
Data Processing:			
Computer Equipment	17,000	15,796	1,204
County Law Library	600		600
Elections:			
Per Diem-			
Election Commissioners	4,400	4,050	350
Election Officers	19,600	5,332	14,268
Polling Place Rent	1,080	510	570
Election Ballot Instructions	4,000	1,340	2,660
Voting Machine	117,000	105,686	11,314
Planning and Zoning:			
Salaries-			
Enforcement Officer	24,001	24,000	1
Secretary	13,950	13,949	1
Legal Fees	9,000	9,000	
Gas and Maintenance	2,000	1,605	395

HENRY COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Planning and Zoning (Continued)			
Office Supplies	\$ 2,750	\$ 2,697	\$ 53
Legal Ads	900	691	209
Refunds	750	614	136
Telephone	900	646	254
Mileage	100		100
Motor Vehicle	7,500	7,500	
Miscellaneous	750	536	214
Courthouse:			
Janitorial Services	12,480	12,480	
Custodial Supplies	4,000	3,171	829
Improvements or New Construction	245,000	12,860	232,140
Utilities	14,000	13,462	538
<u>Protection to Persons and Property</u>			
County Fire Department:			
Contributions	24,500	24,500	
Emergency Medical Services:			
Contribution	10,000	10,000	
Disaster and Emergency Services:			
Contribution	8,847	8,847	
Ambulance Service:			
Salaries-			
EMT Technicians	57,500	48,201	9,299
Part-Time	6,500	5,808	692
SB 66 Match	8,000	7,616	384
Ambulances	86,000	41,359	44,641
911 Emergency Dispatch	100,000	83,302	16,698
Forest Fire Contribution	1,200	1,160	40

HENRY COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property (Continued)</u>			
Office of Public Defender:			
Contribution	\$ 1,650	\$ 1,603	\$ 47
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries	22,000	22,000	
Kennel Contract	13,700	13,700	
Animal Supplies	700	342	358
Fuel and Maintenance	8,700	8,194	506
Kennel Repairs	1,500		1,500
Utilities	900	541	359
Recycling Program	6,410	6,409	1
Dead Animal Removal	9,600	8,800	800
<u>Recreation and Culture</u>			
Parks:			
Temporary/Part-Time Help	12,700	8,832	3,868
Equipment	12,000	9,268	2,732
Utilities	11,000	9,609	1,391
Public Libraries:			
Lease-Purchase	11,070	11,070	
Cooperative Extension Service:			
Rent	8,064	8,064	
Special Events	2,000	1,761	239
Building	690,000	514,216	175,784
Safety Kleen	115,000	51,416	63,584

HENRY COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Administration</u>			
General Services:			
Audit Services	\$ 21,600	\$ 21,582	\$ 18
Insurance Premiums	80,036	79,936	100
Bonds	6,300	6,241	59
Memberships	4,200	3,115	1,085
Insurance Assessment	5,000	4,636	364
Contingent Appropriations:			
Miscellaneous	1,000	870	130
Reserve for Transfers	14,696		14,696
Fringe Benefits:			
County Contributions-			
Social Security	50,000	44,710	5,290
Retirement	75,000	69,171	5,829
Health Insurance	66,673	66,672	1
Worker's Compensation	20,000	14,417	5,583
Unemployment Insurance	3,500	1,926	1,574
Total General Fund	<u>\$ 2,685,443</u>	<u>\$ 2,019,977</u>	<u>\$ 665,466</u>

ROAD AND BRIDGE FUND

General Government

Office of County Judge/Executive

Salaries-

County Judge/Executive	\$ 11,055	\$ 11,054	\$ 1
Deputy County Judge/Executive	6,291	6,290	1

Fiscal Court:

Magistrates Salaries	14,612	14,611	1
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County Treasurer:

Salary	4,167	4,166	1
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HENRY COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	\$ 30,565	\$ 30,563	\$ 2
Office Materials and Supplies	855	855	
Road Maintenance:			
Salaries-			
Road Labor	155,000	115,069	39,931
Highway Contract	285,708	285,708	
Materials	237,453	151,207	86,246
Medical	700	310	390
Utilities	4,480	3,226	1,254
Machinery and Equipment-			
Repairs	50,000	41,425	8,575
New Road Machinery	25,000	9,850	15,150
<u>Administration</u>			
General Services:			
Insurance	8,000	8,000	
Miscellaneous	947	839	108
Fringe Benefits:			
County Contributions-			
Retirement	23,000	15,513	7,487
Social Security	20,000	12,908	7,092
Health Insurance	36,400	36,400	
Worker's Compensation	10,000	10,000	
Unemployment Insurance	1,000		1,000
Total Road and Bridge Fund	<u>\$ 925,233</u>	<u>\$ 757,994</u>	<u>\$ 167,239</u>

HENRY COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 30,684	\$ 30,683	\$ 1
Deputy Jailer	15,000	14,263	737
Social Security	3,600	3,288	312
Retirement	4,600	4,062	538
Association Dues	50	50	
Staff Training	500	343	157
Operations-			
Gasoline	4,300	4,279	21
Routine Medical	16,000	10,554	5,446
Staff Uniforms	905	716	189
Vehicles	20,900	20,881	19
Housing Juveniles	20,000	15,035	4,965
Housing Prisoners - Other Counties	222,700	208,123	14,577
Miscellaneous Operating Expense	295	290	5
Total Jail Fund	<u>\$ 339,534</u>	<u>\$ 312,567</u>	<u>\$ 26,967</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
General Services:			
Medical Car Driver Salary	\$ 12,600	\$ 12,576	\$ 24
Indigent Care	4,270	1,023	3,247
Senior Citizens Program:			
Contribution	7,000		7,000
Fringe Benefits:			
County Contributions-			
Retirement	1,130	1,075	55
Social Security	1,000	914	86
Total Local Government Economic Assistance Fund	<u>\$ 26,000</u>	<u>\$ 15,588</u>	<u>\$ 10,412</u>

HENRY COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>REVOLVING LOAN FUND</u>			
Economic Development:			
Industrial Foundation Interest	\$ 10,049	\$ 10,049	\$
Kentucky Infrastructure Authority:			
Interest	6,271	6,271	
Service Fee	463	417	46
Total Operating Budget	\$ 16,783	\$ 16,737	\$ 46
Other Financing Uses:			
*Kentucky Infrastructure Authority- Principal	18,617	18,617	
Total Revolving Loan Fund	\$ 35,400	\$ 35,354	\$ 46
<u>COUNTY FAIR FUND</u>			
Park Renovation	\$ 39,500	\$ 4,783	\$ 34,717
Total Operating Budget - All Funds	\$ 4,032,493	\$ 3,127,646	\$ 904,847
Other Financing Uses:			
*Kentucky Infrastructure Authority- Principal	18,617	18,617	
TOTAL BUDGET - ALL FUNDS	\$ 4,051,110	\$ 3,146,263	\$ 904,847



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Tommy Bryant, County Judge/Executive  
Members of the Henry County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An  
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Henry County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated June 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Henry County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Henry County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Tommy Bryant, County Judge/Executive  
Members of the Henry County Fiscal Court  
Report On Compliance And On Internal Control Over Financial Reporting Based On  
An Audit Of Financial Statements Performed In Accordance With Government  
Auditing Standards  
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 22, 1999

COMMENT AND RECOMMENDATION



HENRY COUNTY  
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1998

NONCOMPLIANCE

The County Should Have A Written Agreement To Protect Deposits

The county maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). The county had a bank balance of \$2,386,570; FDIC insurance of \$300,000; and securities pledged of \$2,086,570 as of June 30, 1998. Even though the county obtained pledged securities of \$2,086,570, the pledge agreement was not approved by the board of directors of the depository institution or its loan committee nor evidenced by a written agreement. We recommend the county enter into a written agreement with the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

*Management's Response:*

*Will obtain written security agreement approved by the board of directors.*

PRIOR YEAR FINDING

The County Should Have A Written Collateral Security Agreement To Protect Deposits

The county maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). The county had a bank balance of \$2,787,903; FDIC insurance of \$300,000; and securities pledged of \$3,033,591 as of June 30, 1997. Even though the county obtained pledged securities of \$3,033,591, the pledge agreement was not approved by the board of directors of the depository institution or its loan committee nor evidenced by a written agreement. We recommended the county enter into a written agreement with the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

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**CERTIFICATION OF COMPLIANCE – LOCAL  
GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS**

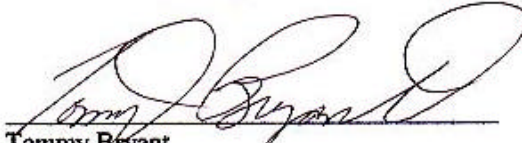
**HENRY COUNTY FISCAL COURT**


**Fiscal Year Ended June 30, 1998**



CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS  
HENRY COUNTY FISCAL COURT

The Henry County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Tommy Bryant  
County Judge/Executive

  
\_\_\_\_\_  
Mary A. Scriber  
County Treasurer